



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1659 (1951)

October 22, 1987

SUBJECT: Internal Revenue Service Offset

TO: All State Directors, State Directors-at-Large,
District Directors, Rural Housing Chiefs, and
County Supervisors, FmHA

Purpose/Intended Outcome:

The purpose of this AN is to provide field offices with a list of borrowers who will receive IRS offset letters and to provide information concerning removing these borrowers from offset.

Comparison with Previous AN:

AN 1649 dated September 17, 1987, required field offices to remove borrowers from consideration for Internal Revenue Service (IRS) offset based on a number of criteria. The criteria from AN 1649 will be used in conjunction with this AN to make additional deletions.

Implementation Responsibilities:

Deletions resulting from AN 1649 have been processed, and a new list has been prepared based on field office submissions. These borrowers, who are listed on the enclosed printout titled "Borrowers Sent 60-Day Due Process Notice for IRS/Credit Bureau Referral," will receive IRS offset letters. Also, unless their names are deleted, these borrowers will be referred to credit bureaus.

County Supervisors will ensure that the list is carefully reviewed and retained. If any borrowers on the list are not eligible for offset, or become ineligible, a line must be drawn through that borrower's name. Borrowers will be removed for any of the reasons listed on AN 1649.

Deletions will be made through December 15, 1987. On that date, the County Supervisor will ensure that the list is copied and the original returned to the Chief, Computer Resources Branch, Mail Code FC-353, in the Finance Office. Deletions must be made in a manner that allows the name and case number deleted to be read. The list may be returned before that date only if all borrowers have been deleted. If the list is mailed after that date, the Finance Office may not be able to process the list in time to remove borrowers from offset.

EXPIRATION DATE: January 31, 1988

FILING INSTRUCTIONS:
Preceding FmHA Instruction 1951-C



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In addition, a copy of the letter sent by the Finance Office to all borrowers proposed for offset is enclosed. That letter provides the borrower with appeal rights. County Supervisors will be responsible for promptly determining the validity of appeals. If the appeal is valid, the borrower will be removed from the list. If the County Supervisor determines the appeal to be without merit, the borrower will remain on the list. In either case, the borrower will be immediately informed of the decision. The County Supervisor will use the enclosed sample letter to notify the borrower of the decision on the appeal.

FmHA's involvement in IRS offset this fiscal year is dependent upon passage of legislation extending the program. The borrowers are advised of this fact in their notification letter.

Please call Bob Nelson at 202-475-4705 (FTS 475-4705) with any questions.

A handwritten signature in dark ink, appearing to read "Vance L. Clark", with a long, sweeping flourish extending to the right.

VANCE L. CLARK
Administrator

Enclosures



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Dear FmHA Borrower:

During 1986 and 1987, the Internal Revenue Service (IRS) collected many Farmers Home Administration (FmHA) delinquent debts by deducting the amount of the delinquency from income tax refunds to which debtors were entitled. If legislation in similar form is enacted to extend the IRS tax refund offset program, FmHA intends to participate again by reporting borrowers who are 3 months or more delinquent in their loan payments.

If at the end of this year your account is 3 months or more delinquent, and if this law has passed, you will be reported to IRS. If you are entitled to a Federal income tax refund for tax year 1987, that refund will be reduced by the amount of your delinquency and applied to your FmHA loan. The amounts listed on the reverse reflect the status of your FmHA loan(s) based on payments received by FmHA's Finance Office through September 12, 1987.

If you feel you should not be reported for offset you have 60 days from the date of receipt of this letter to provide written information to your local FmHA County Supervisor to show that offset should not be exercised. For example, you will not be reported if you have brought the account to less than 3 months delinquent, or if you have agreed to bring the account current and FmHA has officially agreed to that plan. Also, you may be exempted if the debt has been discharged in bankruptcy, you are under the jurisdiction of a bankruptcy court, or it is determined that FmHA is not legally entitled to collect the debt at this time. The County Supervisor will review the information you provide and notify you of the final decision regarding the offsetting of your IRS refund.

In addition, if you are reported for IRS offset, your account will be reported to consumer credit reporting agencies. You have the same 60 day period from receipt of this letter to file a written request with your local FmHA County Supervisor for a review of the status of your account and any information that is proposed to be reported to credit agencies. Once reporting begins it will be continued and updated monthly for 7 years.

IF YOU HAVE ANY QUESTIONS CALL YOUR LOCAL FmHA COUNTY OFFICE.

Sincerely,

VANCE L. CLARK
Administrator



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(Inside Address)

Dear (Name of Borrower):

[] We have reviewed the information you submitted and have requested that your name be removed from IRS records. No offset will be exercised against your refund and you will not be reported to a credit bureau at this time.

[] We have reviewed the information you submitted and do not agree with you. We believe that your FmHA debt is legally enforceable and that you are at least 3 months behind in your payments. Your name will remain on IRS records and offset will be exercised against your refund. In addition, information concerning your account will be reported to a credit bureau.

Sincerely,

County Supervisor